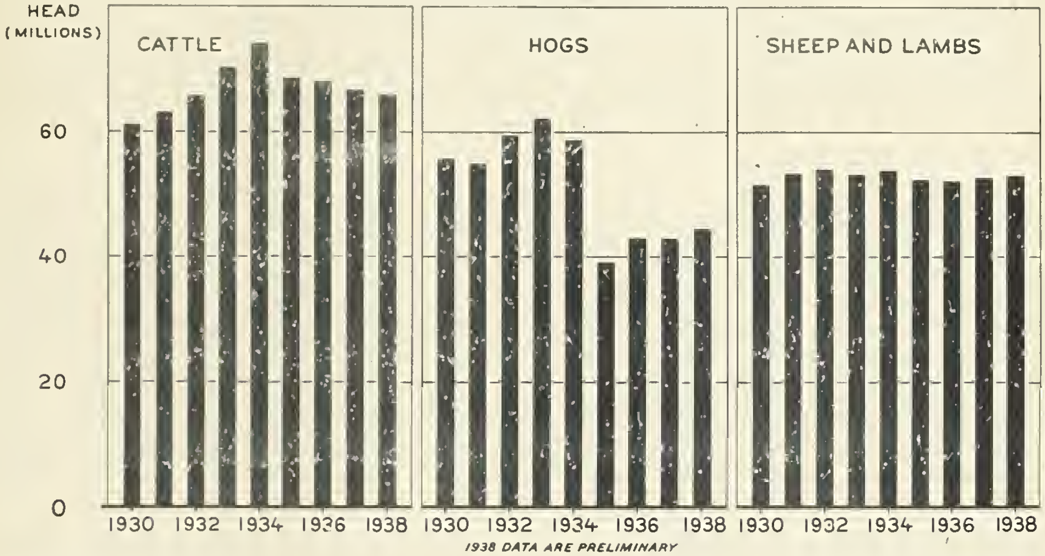
THE DEMAND AND PRICE SITUATION

BUREAU OF AGRICULTURAL ECONOMICS
UNITED STATES DEPARTMENT OF AGRICULTURE

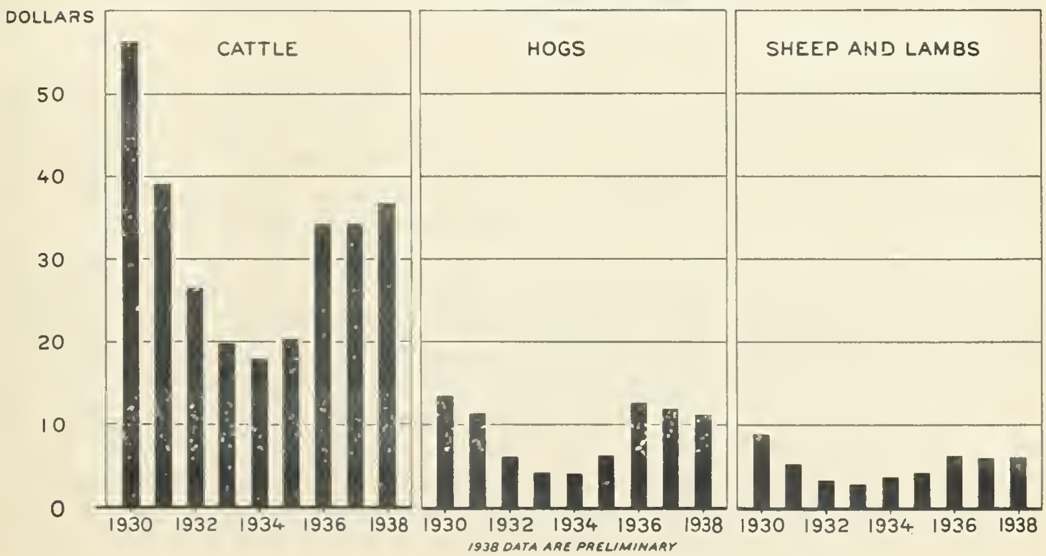
WASHINGTON, D.C. MARCH 1938

LIVESTOCK: NUMBER ON FARMS JANUARY 1, UNITED STATES, 1930 TO DATE



U. S. DEPARTMENT OF AGRICULTURE NEG. 29975 BUREAU OF AGRICULTURAL ECONOMICS

LIVESTOCK: VALUE PER HEAD ON FARMS JANUARY 1, UNITED STATES, 1930 TO DATE



U. S. DEPARTMENT OF AGRICULTURE NEG. 29976 BUREAU OF AGRICULTURAL ECONOMICS

DOMESTIC DEMAND

Nothing has occurred during the past month to cause any material revision of the demand outlook presented in the February issue of this report. Some irregular improvement from present levels of industrial activity during 1938 is indicated, but not enough to result in any marked increase in the domestic demand for farm products.

Since the first of the year, industrial production has fluctuated narrowly at a rate about 30 percent under that of last August. Of this decline, as measured by the Federal Reserve index, nearly half has been due to the drop in iron and steel production, about one-fifth to the decrease in textiles, more than one-tenth to the decline in automobiles, and about one-fifth to the decrease in the combined output of all other products included in the index. The reduction in iron and steel, of course, reflects changes in the situation for numerous other industries.

Available data indicate that goods have continued to move into final consumption faster than they are being produced. From August to January, department store sales declined negligibly; variety store sales adjusted for seasonal variation decreased only 7 percent; and the index of sales of general merchandise in small towns and rural areas fell about 10 percent. Latest fragmentary reports indicate that the declines in retail trade volume became somewhat more general and pronounced during the last few weeks, and during the next few months probably will not hold up as well as during the earlier part of the recession. Nevertheless it would apparently take a very sharp decline to stop the liquidation of inventories which is now going on and to prevent an upturn before long in the output of many consumer goods. Durable consumer goods involving rather large expenditures, such as automobiles, furniture and electric appliances, have been much harder hit than the smaller lines of consumer goods, since purchases of these items can be more easily deferred and potential buyers hesitate to make such expenditures when business conditions are very uncertain. It is probable, however, that manufacturers of even this type of goods have been using up their inventories of materials, such as steel, and will contribute something to the expected pickup in industrial activity.

Any attempt to anticipate changes in the demand for individual farm products during the remainder of 1938 involves more than a mere appraisal of future industrial activity. Commodities have been affected in widely varying ways by the recession to date, and the course of business activity in 1938 will be reflected in similarly varying responses on the part of consumers.

The demand for products such as cotton, which are used as industrial raw materials, was early and markedly affected by the decrease in industrial activity. All products which are traded on the futures markets, or which are stored by processors for future sale, reflected at an early date the anticipated as well as actual declines in business activity and consumer buying power. For a considerable group of agricultural commodities, however, the demand in farm and wholesale markets directly reflects changes in consumer demand in the retail markets. This is true of fruits and vegetables, dairy and poultry products, and in part meats.

If the consumer demand for a product were of approximately unit elasticity, changes in quantities moving into consumption would be offset by changes in prices; thus changes in total consumer expenditures for the product would furnish a satisfactory measure of fluctuations in consumer demand. Data on consumer expenditures for many farm products are not very satisfactory, but such indications as are available point to wide variations among commodities in the recent movements of consumer demand. Apparent consumer expenditures for manufactured dairy products were greater during the latter months of 1937 than in the corresponding period of 1936. In January a significant decline occurred, but even then such expenditures were little below those of the same month a year earlier, and only slightly below August. Likewise, apparent expenditures for tobacco products in January of this year were only slightly under a year earlier, although about 14 percent below August. On the other hand, rough estimates of consumer expenditures for fruits and vegetables in January indicate a decrease from August of around 35 percent, and they were about 30 percent under January 1937.

Retail meat prices for the country as a whole are not available, but using New York prices as an indication and federally inspected consumption as a measure of quantity, the indicated decreases in total consumer expenditures for all meats from January 1937 to January 1938 was only about 2-1/2 percent, although the decline from August was more than 10 percent. The indicated decrease was by far the largest for beef and veal. Although not at all conclusively, these figures indicate that the recession has affected the demand for beef and lamb much more than the demand for pork. Hog prices apparently declined more because of decreases in storage demand and increases in supplies than because of the decrease in consumer demand.

Even if some pick-up in industrial activity occurs this year, consumer incomes as a whole may experience some further declines before turning upward, and are not likely to improve much during 1938. Consumer demand for some products, such as butter, which did not experience much of a decline during the early months of the recession, probably will be affected to a greater extent during the first half of 1938.

FOREIGN DEMAND

The index of world industrial production, excluding the United States, declined from 149 percent of the 1923-25 average in November -- the highest point of the recovery period -- to 142 percent in December. Available evidence, however, does not point to a major decline in world economic activity in the near future.

Industrial activity declined generally in December, with decreases in England, Canada, Germany, France, Belgium, and Denmark. Poland was an exception, with industrial production in that country increasing steadily since October. Limited industrial data are available for January. Canadian business activity declined 9 percent from December to January to the lowest level since July 1936; in England only a slight decline was experienced.

The seasonally adjusted index of United States agricultural exports, at 91 percent of the pre-war average in January, increased for the sixth consecutive

month, with exports of corn and wheat substantially larger in January than in December. Total value of agricultural exports increased from $61,441,000 in January 1937 to $91,946,000 in January 1938, two-thirds of this increase resulting from the recent expansion in grain shipments. Exports of cotton also were larger in quantity, but because of lower current prices the dollar value of cotton exports fell below that of last year.

The sharp rise in world industrial production since 1932, amounting to about 50 percent in countries other than the United States, was accompanied by an increase of about 30 percent in the physical volume of world trade, which in the second quarter of 1937 reached the 1929 average level, declining slightly thereafter. Because of generally lower price levels, the value of world trade in terms of gold had continued to decline until 1934, and thereafter had risen to a point less than 50 percent of the 1929 level. During the early years of world recovery, improvement in business conditions was much more widespread among countries than was the pick-up in international trade, which until 1936 reflected largely increases for England and the United States. The recent expansion in world trade - estimated as more than 20 percent higher in 1937 than in 1936 - has been far more general and reflects a significant change in location. Most noticeable has been the growth of trade in both North and South America, which has caused the center of trade to shift toward the Western Hemisphere. This tendency has been strengthened by the policy of self-sufficiency in Germany and Italy, with many other European countries averse to accepting the principle of mutual concessions to stimulate international trade.

The reciprocal trade agreement signed on March 7 between the United States and Czechoslovakia, the seventeenth trade pact to be negotiated under the Hull program and the seventh with a European country, should increase the demand for American farm products. Under the terms of this treaty, Czechoslovakia has lifted completely, or in substantial degree, quota restrictions on imports of lard, dried and canned fruits, raisins, grapefruit, apples, pears, and prunes from the United States.

A joint survey of Anglo-American trade, published in February prior to the arrival in the United States of the British delegation to negotiate reciprocal trade agreements with this country, emphasizes the importance of the British market as an outlet for American farm products. According to this survey, in 1937 approximately 50 percent of our exports of edible animal products, chiefly hams and shoulders, lard, and canned salmon, and 30 percent of inedible animal products, for the most part undressed furs and leather, went to the British market. A large proportion of our exports of vegetable products also was destined for Great Britain - 25 percent of edible and 45 percent of inedible vegetable products. On the other hand, Great Britain purchased only about 20 percent of our exports of textile fibers and manufactures. The survey also brings out the fact that Great Britain has not been holding its own among buyers of American products as a whole. From 1921 to 1925, the United Kingdom took an average of 21 percent of our total exports, whereas in 1936 the percentage dropped to 18 percent and in 1937 to 16 percent. Although British purchases from the United States in 1937 were 21 percent higher than in 1936, our foreign trade as a whole gained even more rapidly.

WHOLESALE PRICES

The general level of wholesale prices advanced slightly in late February and early March, after declining to the lowest level since June 1936. The current level, at 79.8 percent of the 1926 average, is 9 percent below the recent high points in April and September of 1937. The recent rise occurred in prices of farm products and foods. Indications continue to point to relative stability of the general level of wholesale prices during 1938.

Most of the decline since September was occasioned by the sharp drop in prices of farm products and foods. Prices of farm products at wholesale have had a sharp downward trend for nearly a year; since early April 1937 they have declined 26 percent.

The Bureau of Labor Statistics index of raw materials, consisting of 109 commodities, of which 67 relate to farm products, declined 19 percent in the same period. It is interesting to note that of the remaining 42 price series in the raw materials group, 6 series (in addition to the 22 food series duplicated in the farm products group) are drawn from the index of food prices, which has declined 16 percent since April 1937; and 14 series relate to textiles and to hides and leather products, which have declined 13 and 11 percent, respectively.

The trends of three other groups also have been downward since April 1937, chemicals and drugs declining 9 percent, building materials 6, and miscellaneous commodities 7 percent.

Prices of semi-manufactured articles since April 1937 have declined 16 percent, nearly as much as raw materials. Prices of finished articles, however, have declined only 4 percent in the corresponding period. The decline in finished goods has partly reflected sharply lower material prices, particularly in textile products.

The ratio of wholesale prices of farm products to wholesale prices of nonagricultural products for the week ended March 5 was 82 percent of the prewar level, compared with 102 for the corresponding week a year ago.

The combined index of wholesale prices in the currencies of nine foreign countries, which are important markets for American farm products, advanced moderately in January to 89 percent of the 1924-29 average. Most of the price rise from December to January occurred in Canada, France, and Japan. In France prices of farm products and foodstuffs have risen more rapidly than industrial prices. Prices in England have declined since early January, and the late February level is the lowest since December 1936.

PRICES RECEIVED AND PAID BY FARMERS

The general level of prices received by farmers in mid-February was 97 percent of pre-war, the lowest recorded since August 1934, compared with 102 in January and 127 in February 1937. Prices of only two groups of farm products -- cotton and cottonseed, and truck crops -- increased from January to February. The level of prices paid by farmers for commodities on February 15

is estimated at 126 percent of pre-war, the same as for the previous month, compared with 132 in February 1937. The ratio of prices received to prices paid by farmers declined to 77 percent in February compared with 81 in January, and 96 a year earlier. The February ratio, like the level of prices received by farmers, was the lowest since August 1934.

Changes in market prices since mid-February indicate that for March the index of prices received will be practically unchanged. The outlook for the several commodities does not point to any marked change in the general level of prices received by farmers during the next few months.

FARM INCOME

Little change has occurred in the farm income outlook since last month. Cash income from sales of farm products for the first half of this year may not total more than about $3,000,000,000 compared with $3,503,000,000 in the first 6 months of 1937, a decrease of 14 percent.

Such indications of marketings of farm products during February as are now available point to a slightly more than seasonal decline in February. Preliminary data indicate the February farm income, excluding Government payments, is likely to total between 450 and 475 million dollars, compared with $505,000,000 in February 1937. Income during the next 4 months is likely to show relatively greater declines from the corresponding months of last year, when decreases were less than seasonal.

WHEAT

The peak of wheat shipments from Argentina and Australia probably was reached in late February. As receipts at European markets are accordingly reduced in April, it is expected that foreign demand for United States wheat will improve temporarily. By May, as crop prospects become more clearly defined, prices will be adjusted to the new crop basis.

World wheat prices, after showing strength toward the end of February, declined sharply. During the week ended February 25, the influence of increased inquiry from European importers and heavy purchases by Soviet Russia for shipment to Vladivostok more than offset the price effect of improved prospects resulting from beneficial moisture over much of the dry southwestern wheat area. During the first 2 weeks of March, prices were depressed by large stocks of Southern Hemisphere wheat on ocean passage and improved domestic winter wheat prospects.

While some increase in the world acreage of fall-sown wheat is expected on the basis of unofficial reports, little change from last year is indicated by official reports received to date for North America and nine European countries. The condition of the winter crop is generally good throughout Europe. In Italy, where conditions have not been favorable, the prospects have improved recently. In the spring wheat areas of the United States and Canada, surface moisture is reported generally adequate. Conditions in Canada are good compared with conditions in recent years, with the exception of southwestern Saskatchewan and southeastern Alberta where there is still a moisture deficiency.

CORN AND OTHER FEED GRAINS

Prices of all feed grains are expected to continue near the present level during the next month or two, although fluctuations, especially in oats and barley prices, may be greater than in the past 2 months. Weather conditions influencing the growth of spring forage crops and acreage sown to feed grains will become a more important price factor in the next few weeks. During the past month weekly average cash prices of corn and oats at Chicago have remained practically unchanged at 57 and 33 cents per bushel, respectively, while No. 3 Barley declined slightly, averaging 75 cents for the week ended March 5.

Combined stocks of corn and oats on January 1 were about 11 percent above the 1928-32 average. Since that time weather conditions have been mild throughout most of the Middle West, which has offset at least in part the heavier feeding per animal due to favorable livestock feed-price ratios. This, together with the reduced number of livestock on farms, indicates a below-average disappearance of these grains during this period, and large stocks probably were still remaining on March 1. The amount of 1937 corn sealed for Government loans so far has not been large. In February and early March, Government loans were made on about 7 million bushels, bringing the season total to near 33 million bushels, or about 1.2 percent of the total supply available on October 1.

While the sale of corn for export has dropped off considerably during the past 2 months, unofficial reports indicate that a considerable amount of United States corn is still being sold abroad. In view of the small Argentine crop, now estimated at 177 million bushels, exports of domestic corn may be considerably larger than those of 1928-29, when they totaled nearly 41 million bushels. Preliminary figures for the period from October 1 to March 5 indicate that total exports of corn so far this season have exceeded 32 million bushels. This is much larger than for the same period of any of the past 8 years, and nearly 3 million bushels larger than the October-February exports in 1928-29. During the period July 1-March 5 of 1937-38, 12 million bushels of barley and 8 million bushels of oats were exported.

COTTON

Despite further declines in cotton mill activity in foreign countries during February and early March and only a slight improvement in the immediate domestic cotton textile situation, domestic cotton prices advanced about three-fourths of a cent per pound during February. In late February and again on March 2 the average price of Middling 7/8" cotton at the 10 designated markets reached 9-1/3 cents per pound which was the highest in approximately 6 months and 1-2/3 cents above the low point reached in early November. Since March 2, domestic prices have declined some but up through March 13 Middling 7/8" in these markets continued above 8.97 cents per pound. The strength displayed by cotton prices during recent weeks apparently resulted from developments with respect to the supply situation.

Sales of cotton textiles by domestic mills are reported to have exceeded the restricted output during the third and fourth weeks of February, but in the first week of March the unfinished cotton cloth market was less active than in the two preceding weeks. Domestic cotton mill activity was apparently slightly higher in February than in January, but was about 40 percent lower than a year earlier and much below the average for the first 6 months of the season. It seems quite likely that domestic cotton mill activity will increase from present levels before the end of the season. A substantial increase from present levels is necessary, however, if domestic cotton consumption during the last half of the season is to equal the 3,085,000 bales consumed during the first half. In general, the cotton textile situation in foreign countries continued quite unfavorable during February and early March. In most countries sales of cotton textiles by manufacturers were considerably less than output despite a material decline in production during the past 3 or 4 months. Total cotton mill consumption in foreign countries during the first half of the current season has been estimated at 10,900,000 bales - an annual rate of 21,800,000 bales - which rate was only 6 percent less than actual foreign consumption last season.

The estimated 1937-38 world production of commercial cotton has recently been reduced approximately 500,000 bales and is now 1,500,000 bales less than the estimate released in November. Government loan stocks continue to increase and on March 10 totaled about 6,700,000 bales, which was 5,000,000 bales larger than on August 1, 1937, and the largest on record. Under the terms of the new farm act, the 1938 domestic acreage allotment has been placed at 26,400,000 acres which is lower than the harvested acreage in any year since 1900.

WOOL

Supplies of apparel wool in the United States at the beginning of the new domestic wool marketing season on April 1 will be larger than on that date in 1936 and 1937. And present indications are that world stocks of raw wool will be larger on April 1 than they have been since 1935. A loan program on wool by the Federal Government was recently approved by the Commodity Credit Corporation. The loans will be available to all producers and will be made at between 15 and 22 cents per pound on a grease basis at Boston.

Apparent supplies of wool in the five principal producing countries of the Southern Hemisphere on February 1 are estimated at 1.5 billion pounds, or 23 percent larger than on the same date last year, and 5 percent greater than on February 1, 1935, which also was a year of relatively large supplies.

The 1938 shorn wool clip in the United States may be slightly smaller than that of 1937 as the number of stock sheep on hand on January 1 was smaller than a year earlier. Total production of shorn and pulled wool in the United States in 1937 amounted to nearly 433 million pounds. This estimate includes 66 million pounds of pulled wool.

Trading in domestic wools continued light in February. Prices in the Boston market were irregular and further declines were reported on most wools during the month. Average prices for combing territory wools at Boston in

February were about 40 percent lower than in February 1937. The movement of wool prices in foreign markets was irregular in January and February, but the general trend continued downward.

Consumption of apparel wool by United States mills in January showed no improvement from the low December level. The January consumption was more than 50 percent smaller than in January last year, and was smaller than in any month since September 1934. The large stocks of finished and semifinished wool goods in the United States, which followed the large mill consumption in the first half of 1937, probably will be used up during the winter and spring. With inventories reduced, some improvement in mill consumption should occur during the first half of this year.

Imports of wool into the United States so far in 1938 have been negligible compared with the large imports in the early months of 1937.

HOGS

Some weakness in hog prices probably will develop in the late spring as marketings of hogs from the 1937 fall pig crop increase. Slaughter supplies of hogs during the remainder of the 1937-38 marketing year, ending September 30, probably will be larger than those of a year earlier. A seasonal reduction in marketings, however, is expected during the late summer, but unless industrial activity and consumer demand for meats improve somewhat, the seasonal rise in hog prices after midsummer may be small.

Present indications are that the 1938 spring pig crop will be larger than that of 1937. This will mean larger hog marketings in the first half of the 1938-39 marketing year (October - March) than in the first half of 1937-38. The ratio of hog prices to corn prices in recent months has been relatively high, and this favorable relationship doubtless has encouraged increased breeding for the spring farrow as well as the feeding of hogs to heavyweights.

Hog prices advanced steadily from late January through early March. The average price of hogs at Chicago for the week ended March 12 was about \$9.39, which was the highest weekly average for that market since late October. Prices of heavy hogs have strengthened somewhat more than prices of light weights in the past month, but the spread between prices of such hogs continued to be relatively wide. The rise in prices in recent weeks has been due largely to a decrease in hog marketings. Inspected hog slaughter in February totaled 2,833,000 head, which was 33 percent less than in January but about the same as in February last year. It now appears that the bulk of the 1937 spring pigs have been marketed, and market reports indicate that supplies in recent weeks have included increasing numbers of fall pigs.

BEEF CATTLE

With the number of cattle on feed in the Corn Belt States on January 1 about 15 percent larger than a year earlier, and supplies of feed grains per animal unit the largest in several years, market supplies of the better grades of slaughter cattle are likely to increase more than seasonally during the next few months. Ordinarily, such an increase in supplies would be accompanied

by some weakness in prices of the better grades of cattle. In view of the marked decline in prices of such cattle from October through January, however, it is possible that most of the downward adjustment in prices of the better grades already has occurred. Although prices of the lower grades of steers and of slaughter cows usually advance during the early spring, little advance appears likely this year because of the present narrow spread between prices of the better and lower grades of cattle. Some seasonal improvement in prices of the better grades of slaughter cattle may occur in the late summer and fall, but the advance is not likely to be pronounced unless there is a considerable upturn in industrial activity and employment.

Prices of choice and prime grade slaughter steers, after declining more than 50 percent from late October to early February, advanced moderately during the remainder of February and in early March. This price advance was shared by good and medium grade steers and all grades of heifers. Prices of common grade steers and practically all grades of slaughter cows held steady during January and February. In early March, prices of choice and prime grade slaughter steers at Chicago, averaging about $9.20 per 100 pounds, were nearly $5 lower than those of a year earlier. Prices of common grade steers and most grades of slaughter cows, on the other hand, were only moderately lower than a year earlier.

Market supplies of short-fed steers continued fairly large in February, and the number of good to choice offerings showed some increase from the low levels of the fall and early winter. The number of cattle slaughtered under Federal inspection in February, totaling 716,000 head, was slightly larger than a year earlier. Inspected calf slaughter in February, however, was smaller than that of a year ago.

LAMBS

Prices of spring lambs in late April and May probably will be lower than a year earlier, chiefly because of the weakness in consumer demand for meats and lower prices of pelts. In May 1937, prices of good and choice spring lambs at Chicago averaged about $12.60 per 100 pounds. The early spring lamb crop of 1938 in the principal early lambing States is at least 15 percent larger than the small crop of 1937. Present conditions indicate that marketings of early lambs before July 1 will be materially larger than a year ago. Marketings of grass-fat yearling lambs from Texas during the spring months, however, are expected to be considerably smaller than the record large marketings of such lambs last year.

After declining sharply in December and January, prices of fed wooled lambs remained relatively stable during the first 3 weeks of February. In late February and early March, lamb prices advanced fairly sharply, largely reflecting a seasonal reduction in slaughter supplies. For the week ended March 5, prices of good and choice slaughter lambs at Chicago, averaging $8.62, were more than $1 higher than in early February, but were about $2 lower than a year earlier. They also were lower than prices of feeder lambs in September and October last year.

The number of sheep and lambs slaughtered under Federal inspection in February, totaling 1,424,000 head, was seasonally smaller than in January, but was 8 percent larger than in February 1937. The number of sheep and lambs on feed January 1 was about 11 percent larger than at the first of last year.

Shipments of sheep and lambs from the principal feeding areas of Colorado and from the Scottsbluff section of Nebraska during January and most of February were larger than those of last year. The estimated number of lambs remaining in feed lots in this area in early March, however, was still larger than at the same time in 1937.

BUTTER

During the past month the Federal Surplus Commodities Corporation purchased about 1.5 million pounds of butter to be distributed for relief. The price of 92-score butter at New York in January averaged 33.7 cents per pound but in early February declined to about 30 cents. Since the Federal purchases were started on February 14, the price has been practically unchanged at 30.5 cents per pound. The February average of 31.1 cents was 3.2 cents less than a year earlier, and the lowest for the month since 1934.

In mid-February the price of butterfat was equivalent to the price of 32.1 pounds of feed grains, compared with 18.7 pounds a year earlier and the 1925-29 February average of 30.9 pounds. Even though prices of dairy products have declined sharply since the peak in December, prices are still somewhat above average in relation to feed prices.

Production of creamery butter in January was 7.5 percent larger than a year earlier, and the largest for the month in 4 years. In view of the relatively large supplies of feed on farms and rather favorable prices of dairy products in relation to feed prices, it seems probable that production will continue larger than a year ago at least until the opening of the pasture season.

Apparent consumption of creamery butter and retail prices in January were slightly lower than a year earlier. These changes indicate that consumers' expenditures for butter in January were only about 1 percent less than in the same month of the preceding year. With the decline in payrolls that has occurred since last summer, and with no marked improvement in prospect, consumer expenditures for butter during the first half of 1938 will probably average considerably less than in the same period of 1937.

POULTRY AND EGGS

The most striking development in the poultry and egg situation in February was the sharp decline in egg prices. Lower consumer incomes than a year earlier, large holdings of frozen eggs, a high rate of egg production and the completion of a very unprofitable egg storage year have much more than offset the effects of the small flock size. It is believed, however, that egg prices in the last half of 1938 will be above those of the corresponding period of 1937. The basis for this expectation is the likelihood of lower spring production, of smaller storage stocks of all eggs on August 1, and of no further decline in consumer incomes after the middle of the year.

Chicken prices ordinarily rise from December to May, but in mid-February they were the lowest since July 1937. Because of the decline in consumer incomes the average seasonal advance this year is not expected. In part, at least, it was anticipated by the non-seasonal advance of the late summer and fall of 1937. Low stocks of poultry, both in storage and on the farm, however, will tend to keep chicken prices above those of 1937 until the middle of the year.

Chicken prices in the last half of 1938 are likely to be under those of a year earlier chiefly because the larger hatch expected this year will increase marketings of poultry in this period. The basis for the expectation of an increase in the 1938 hatch of about 5 to 10 percent over the small hatch last year lies in the more favorable feed-egg price relationship.

ORANGES

Shipments of all oranges, including tangerines, during the season to date have been slightly heavier than a year earlier. But with a larger production of winter and spring varieties this year than last, the remaining supplies of oranges, excluding California Valencias, are indicated to be materially larger than the quantities marketed after the middle of March last year. The total production of all winter and spring varieties of oranges was indicated on March 1 at more than 43 million boxes, compared with 38 million in 1936-37 and the 1931-35 average of 33 million boxes. The indicated production of California Navels on March 1 was nearly 1 million boxes larger than a month earlier, but the estimate of the Florida crop was unchanged. The crop of California Valencia oranges, the chief supply during summer and early fall, was indicated on March 1 at 25½ million boxes, more than 50 percent larger than the freeze-damaged crop of last season, and second in size to the record crop of 1934-35.

High winds which swept over many sections of California on February 9 caused practically no damage to citrus crops. At the end of February torrential rains and floods were quite general over most of the citrus-producing areas of Southern California. Although it is still too early properly to evaluate storm and flood damage, preliminary reports indicate that the principal loss will be from decayed fruit, particularly in the case of Navels, as a result of the prolonged rainy weather.

Orange prices continue very low relative to those of a year earlier and to the 1926-35 average. Prices of Florida oranges at New York averaged $2.14 per box in February, compared with $3.42 a year earlier. California Navels averaged $2.85 per box in February this year compared with $4.21 last year.

POTATOES

Prices of old-stock potatoes rose only slightly in the mid-western markets but advanced quite sharply in the East during the past few weeks, and eastern market prices now average somewhat higher than those in mid-western markets. Prices of new potatoes in all markets continued to decline, as supplies increased.

The advance in prices of old stock in the eastern markets relative to those in the mid-western centers may be attributed to an adjustment which usually takes place in the autumn when supplies of old potatoes are located as they are this season. This adjustment was delayed this season by a relatively heavier-than-usual movement to market from the eastern producing States during the winter months.

Car-lot shipments of old-stock potatoes between January 1 and March 5 totaled approximately 44,000 cars, compared with 42,000 cars during the corresponding period of 1936 when the January 1 stocks were comparable with those of this season. The rate of car-lot movement has averaged about 5,000 cars per week. If this rate continues during the next 2 months, the supply of old-stock potatoes will be fairly well exhausted by mid-May.

Car-lot shipments of new potatoes from Florida have been gaining in volume and totaled 305 cars during the week ended March 5. The increase in weekly volume from the South probably will continue gradual until about the end of April, after which the gain will be rapid.

TRUCK CROPS

Outstanding among developments of the month ending in mid-March were the heavy rainfall and serious floods in southern California. As southern California is an important producer of various truck crops, it is likely that some damage and delay to these crops has occurred. Other important truck-crop areas, such as southern Texas, Louisiana, Mississippi, Alabama, and Florida have had generally favorable growing weather in recent weeks, and crops have made good progress.

During the 4 weeks ended on March 5, the car-lot movement of Florida tomatoes and celery showed a great increase. Lettuce shipments from the West continued very active and exceeded the movement of any other truck crop. Southern new cabbage and spinach shipments also were quite heavy. The movement of California cauliflower and southwestern carrots was active, and shipments of old-crop onions from storage continued at the rate of 500 cars per week. The first cars of asparagus moved from the Delta region of northern California about March 1, and the southeastern (Georgia and South Carolina) asparagus region has reported small express shipments to eastern markets. Supplies of most spring crops will increase during the next few weeks, provided no unfavorable weather conditions hinder movement.

Wholesale market prices during the last month declined sharply for tomatoes, new cabbage, eggplant, and peppers. Onion markets were weak, with prices declining considerably. Spinach also sold lower. Sweetpotatoes declined in Chicago, but advanced in New York City. A sharp upturn of wholesale prices was reported in both the East and mid-west for cauliflower, new-crop carrots, lettuce, and Florida celery. Cucumbers also advanced materially on the New York market, and slightly higher prices were reported everywhere for beets, broccoli, old-crop cabbage, and stored carrots. Supplies of these last two crops are about exhausted but new-crop supplies will be ample.

Business statistics relating to the demand for farm products, specified periods

Year and month	National income 1/	Nonagricultural income 2/	Industrial production 3/	Building contracts awarded 3/	Factory employment 4/	Income of industrial workers 5/	Foreign industrial production 6/	All commodity prices 7/	Retail food prices 8/	Prices received by farmers 9/	Prices paid by farmers 10/	Ratio of prices received to prices paid
Base period-	1929	1924-29	1923-25	1923-25	1923-25	1924-29	1923-25	1910-14	1913	1910-14	1910-14	1910-14
1929	100	107	119	117	105	106	136	139	166	146	153	95
1930	83	100	96	92	91	87	124	126	158	126	145	87
1931	79	86	81	63	77	67	111	107	130	87	124	70
1932	62	68	64	28	66	46	97	95	108	65	107	61
1933	58	63	76	25	72	48	107	96	105	70	109	64
1934	66	72	79	32	82	60	116	109	117	90	123	73
1935	70	77	90	37	86	67	124	117	127	108	125	86
1936	80	87	105	55	92	77	134	118	130	114	124	92
1937 1/	87	96	110	59	99	90		126	135	121	130	93
1937-												
Jan.	85	93	114	63	96	87	138	125	134	131	130	101
Feb.	86	94	116	62	99	88	141	126	134	127	132	96
Mar.	88	95	118	56	101	91	143	128	135	128	132	97
Apr.	88	96	118	53	102	94	145	128	136	130	134	97
May	88	97	118	56	102	95	147	128	137	128	134	96
June	88	97	114	61	101	94	146	127	137	124	134	93
July	88	98	114	68	101	95	141	128	136	125	133	94
Aug.	89	98	117	63	102	95	142	128	135	123	132	93
Sept.	88	97	111	56	102	92	147	128	136	118	130	91
Oct.	87	96	103	52	101	90	148	125	135	112	128	88
Nov.	85	95	99	56	95	83	149	122	132	107	127	84
Dec. 11/	84	93	84	62	89	76	142	119	131	104	126	83
1938-												
Jan. 11/	82	89	81	55	82	70		118	127	102	126	81
Feb. 11/								117	124	97	126	77

Continued-

Business statistics relating to the demand for farm products, specified periods - Continued

NOTES:

1/ Department of Commerce monthly and annual index numbers of "national income paid out", 1929 = 100, (monthly adjusted for seasonal variation). Comprises the payments to or receipts by individuals in the form of wages, salaries, interest, dividends, entrepreneurial withdrawals, and net rents and royalties. Monthly index described in Survey of Current Business, February 1938.
2/ Industrial Relations Division of the Agricultural Adjustment Administration, 1924-29 = 100, adjusted for seasonal variation. Entire series was revised in July 1937.
3/ Federal Reserve Board index, 1923-25 = 100, adjusted for seasonal variation.
4/ Bureau of Labor Statistics index, 1923-25 = 100, without seasonal adjustment.
5/ Bureau of Agricultural Economics, 1924-29 = 100, adjusted for seasonal variation. Includes factory workers, railroad and mining employees.
6/ Bureau of Agricultural Economics, 1923-25 = 100, adjusted for seasonal variation. Weighted average of index numbers of industrial production for nine foreign countries - United Kingdom, France, Germany, Italy, Japan, Canada, Belgium, Czechoslovakia, and Poland. Series was revised from January 1920 through July 1935 in July 1937 - and from August 1935 through August 1937 in November 1937.
7/ Bureau of Labor Statistics index, 1910-14 = 100, without seasonal adjustment.
8/ Bureau of Labor Statistics index, 1913 = 100.
9/ Bureau of Agricultural Economics, August 1909-July 1914 = 100.
10/ Bureau of Agricultural Economics, 1910-14 = 100.
11/ Preliminary.